

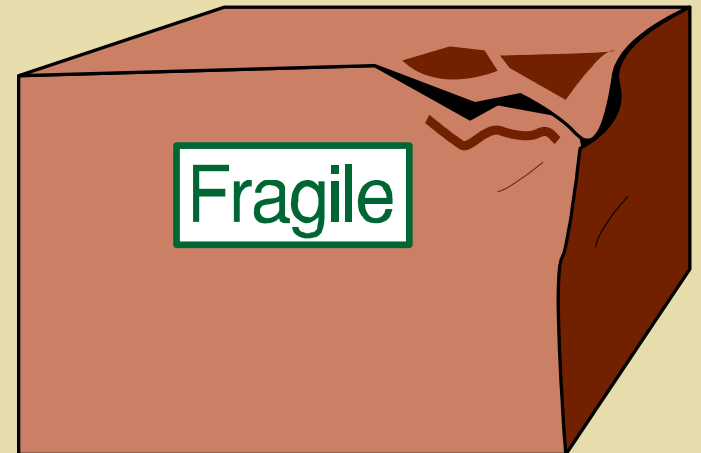


**Handli**

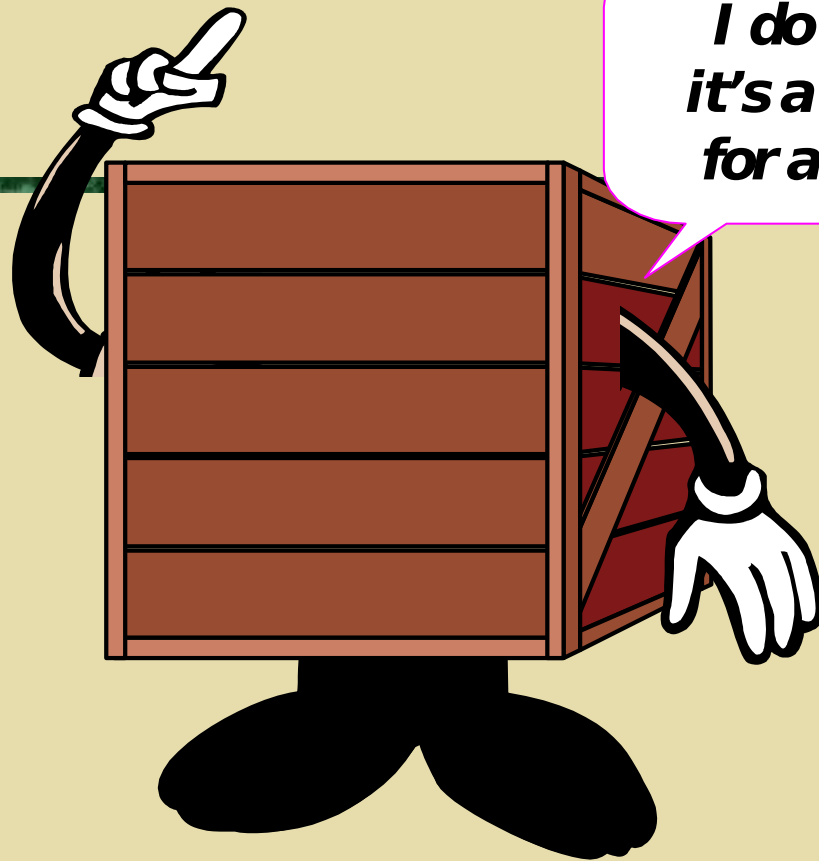
**ng**

**missing and**

**freight  
damaged**

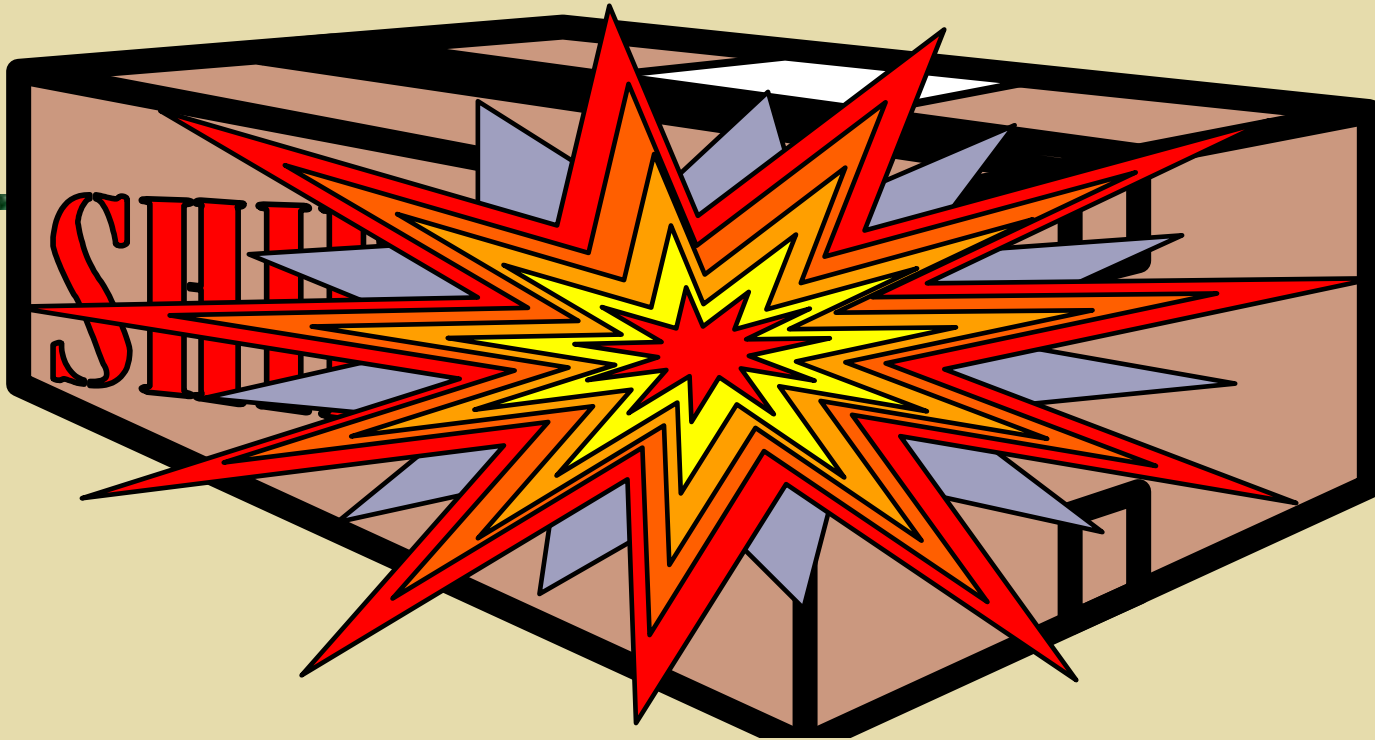


**- Do you  
believe freight  
grows arms  
and legs**



**- then simply walks  
off -**

**- never to be seen  
again?**



**Do you believe freight self-destructs  
like the “Mission Impossible” tape  
or  
is subject to spontaneous  
combustion while in transit?**

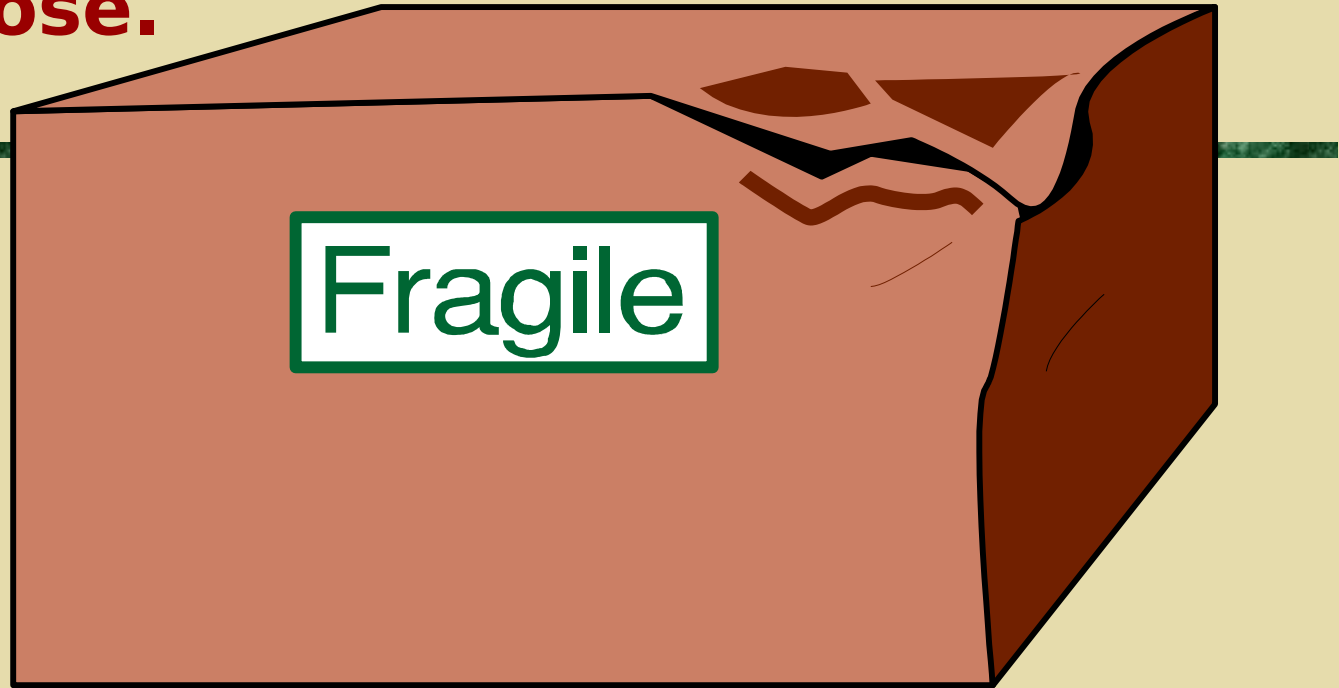


**Does your warehouse or receiving area  
sometimes look like this?**

Piles of damaged material sitting around for who  
knows how long - waiting for repair or disposition  
instructions?

Suppose.

..



a carrier attempts to deliver a piece of freight to your installation in a damaged condition.

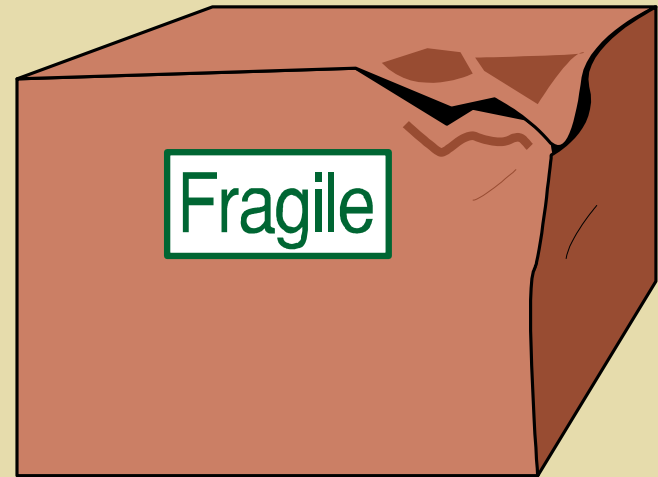


Do you see it and **immediately say**

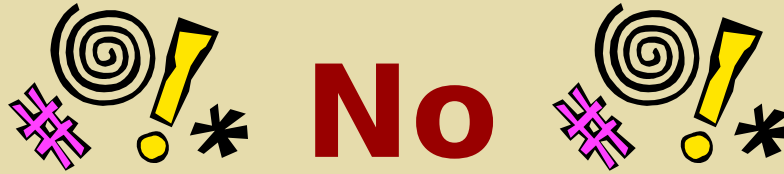


I'm not accepting that  
piece of junk!!! **REFUSE  
IT!**

- And send the carrier on  
his or her merry way!



**WERE YOU RIGHT ?????**



**Generally speaking**, if government freight is damaged in transit -- the consignee is not justified in refusing the shipment.

Only if the condition of the goods has no value **or very little value** for it's original intended purpose are you justified in refusing it. (Basically, it's junk now.)

## **DO YOU HAVE THE TECHNICAL EXPERTISE TO SAY IT IS WORTHLESS?**

Maybe - but, probably not. So be safe, and do not refuse the damaged freight. Likewise, if a shortage exists, the consignee isn't justified in refusing the balance of the shipment.

## **ACCEPT IT -**

and hold the carrier responsible for the missing portion

# Think of it in these terms

The carrier's basic obligation is to deliver property entrusted to it for transportation to the party entitled to receive it...

**which means**

...the consignee has an obligation to receive the freight...

**so**

...when you refuse freight, you change the rules of the game. Instead of the carrier being a transporter of the goods, you have now made him a **warehouseman**. The carrier's liability changes and you can now be charged for **storage fees!**

**and**

...the only right a carrier has to the goods is a "lien" for the freight charges. Upon payment of these charges, the owner is entitled to possession of the goods...



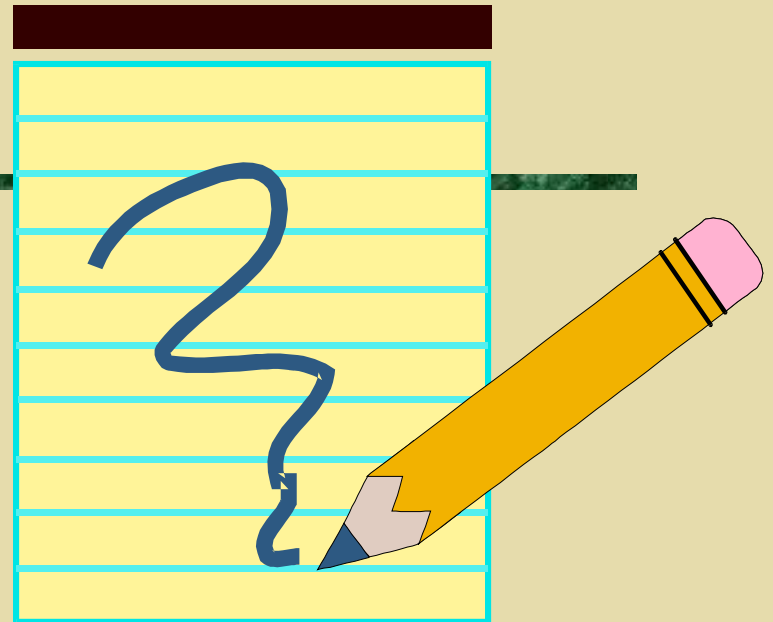
# What steps should you take to deal with missing or damaged freight?

**Jointly**, with the carrier's driver or representative, examine the property and note any exceptions on the delivery receipt.



Use descriptions which depict the amount and extent of damage to property in a clear and concise manner.

- ✎ Identify the item short or damaged by circling it or writing it legibly on all copies of the delivery receipt.
- ✎ A notation should also be made on the GBL/CBL.
- ✎ Do not make any qualifying statements or opinions on HOW you think the shortage or damage happened, just clearly describe the discrepancy.
- ✎ Be sure that both you and the driver sign and date the annotation.
- ✎ If the driver refuses to sign the annotation, make note of this.



***This delivery receipt becomes the first and very important piece of evidence to show the amount and extent of the shortage or damage.***

# Use clear...specific...accurate exceptions

“Subject to inspection”



*Never write this totally worthless statement on a delivery receipt!!*

“1 carton damaged”



**1 carton damaged, contents checked**

“1 carton wet”



**1 box wet, top right corner crushed, contains 4 glass jars, 1 broken and leaking**

“1 fire truck, cab damaged”



**1 fire engine, cab crushed, windshield missing, doors bent on hinges, hanging loose; internal cab damage due to rain/snow entering cab after roof was torn off**



***Immediately contact carrier  
and tell them the property  
was delivered in damaged  
condition, and...***



***Request an inspection***



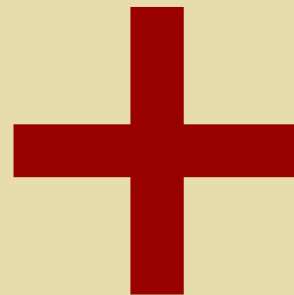
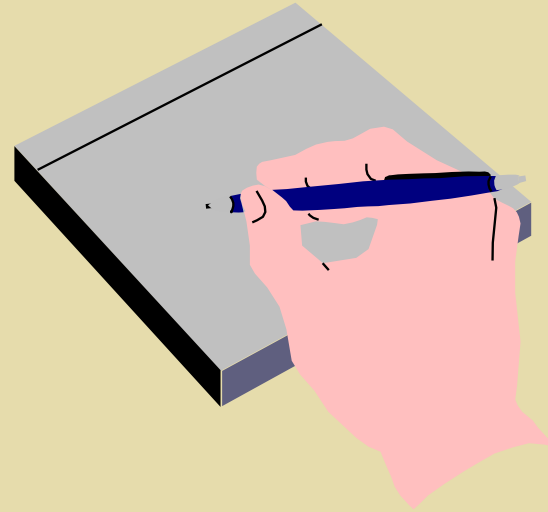
**Follow-up your  
verbal request with  
a written  
confirmation**



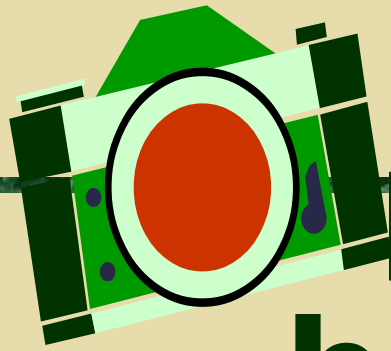
---

**•Get in the habit  
of keeping  
careful notes of  
your  
conversations  
with anyone  
involved -  
Record:**

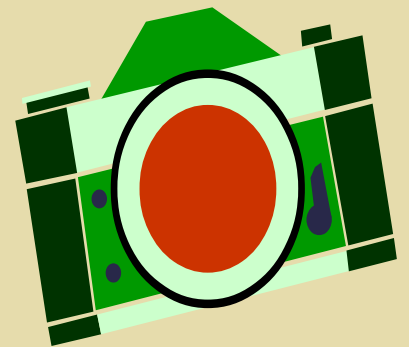
- ✓names**
- ✓title**
- ✓dates**
- ✓times**
- ✓telephone  
numbers**



**what was  
discussed and any  
agreements or  
disagreements**



**Take  
photographs  
before, during,  
and after  
unloading  
and/or  
unpacking**



# During the Carrier Inspection

---

- ✓ Be present while the inspection takes place
- ✓ Be sure the report is accurate and factual - no opinions
- ✓ If the inspector inserts opinions in the report and refuses to change them to facts, write an exception on the report (usually at the bottom) before signing it
- ✓ Make sure the report is legible, especially the inspector's name and that of the inspection company
- ✓ Be sure to get a copy of the report before the inspector departs
- ✓ If the inspector refuses to furnish a copy, make annotations in your records and call the carrier immediately
- ✓ **AND remember no matter how “nice” the inspector may seem, he or she “works” for the carrier, not the Coast Guard**

# **If carrier waives inspection ...**

---

***Get the full name, title, and telephone number of the person waiving the inspection, then...***

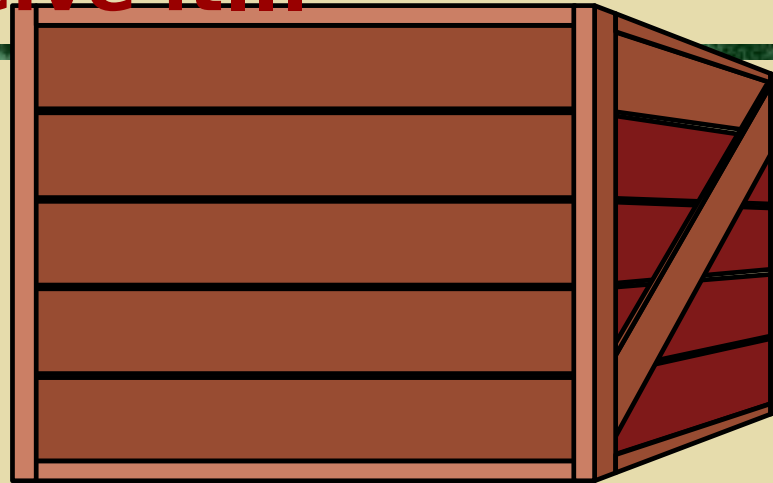
***Perform your own inspection***



- Is it factual?**
- Is it signed and dated?**
- Was a copy sent to the carrier?**



**What if the box is in good shape  
when you receive it...**



**It doesn't appear to have been tampered  
with.**

**There are no holes, crushed corners, etc.**

**but**

**there is damage to the inside contents?**

**...this is called concealed  
damage**

**First and  
foremost,....**

---

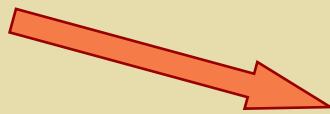


Unless there is a safety concern or a hazardous material situation, it is best stop all unpacking until the carrier's inspector arrives.

**Hold all  
containers  
and  
packing  
material  
for  
inspection  
DON'T THROW  
ANYTHING  
AWAY !!**

**Second, notify the carrier**

**immediately... and tell them you discovered concealed damage to the shipment and...**



***Request an inspection***



**Follow-up your verbal request with a written confirmation**

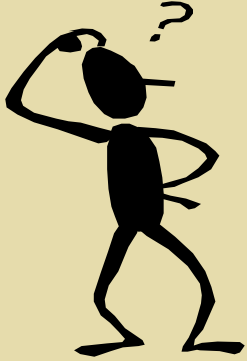


# In the meantime,...

---

- ✓ Get a statement, from the person(s) who discovered the damage. This statement must clearly establish the facts surrounding the discovery of the concealed damage.
- ✓ Get additional statement(s) if the property was moved (how far, by whom, what method of movement, etc.). Ask them if there was any incident that occurred after the receipt which might have caused the damage?
- ✓ These statements must be signed and dated at a minimum (witnessed and/or notarized, as needed) and should be gotten at the earliest opportunity.

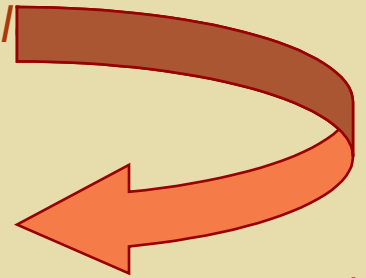
# Be sure statement(s) actually say something ...



... My name is ..., badge #02102. I am employed as a Materials Handler in Unloading and Baying Section, Receiving Branch, General Supply Division. In checking the shipment from ..., received on ... van #9619, f/b 03389312-8, GBL ..., Requisition..., *I found 2 each work tabl to be in a damaged condition.*

- Does the statement above tell you anything definitive?
- Does it give you the facts regarding the damage at time of discovery?

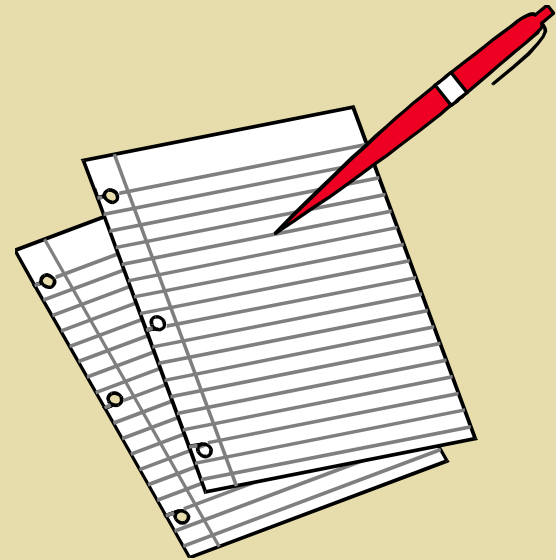
**MAKE SURE THE STATEMENT IS SIGNED, DATED, and/or WITNESSED/NOTARIZED, AS NEEDED**



# Look at the carrier's inspection report

---

**Did the inspector make any remarks on the report which might indicate the freight was not properly packaged by the shipper?**



# In that case...

---

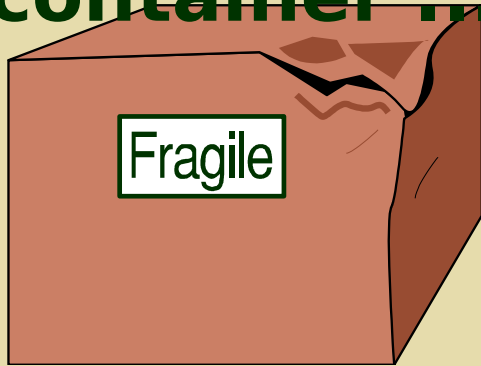
It may be necessary to go back to the shipper or vendor and get an additional statement that establishes what kind of “track record” the packaging has had in previous shipments.

**This statement should show or include:**

- ✓ **the adequacy of packing**
- ✓ **the frequency of damage on previous shipments**
- ✓ **a statement from person performing the packaging**

**If you sign for a package that has obvious damage to the outer container ...**

---



**... and don't make any annotations of damage on the delivery receipt ...**

**SHAME ON YOU !!!**



**You gave the carrier a "clear delivery receipt."**



# **If this is happens ...**

---

**Chances of recovering \$ in a claim action are practically non-existent.**

**Do call 757-523-6763 and discuss the situation - Claims Section personnel will try to help you.**



**Meanwhile, back to  
handling damaged  
freight ...**



**Ensure goods are  
protected from further  
damage by weather,  
theft, vandalism, etc.**

**It is the consignee's duty to make every effort to MITIGATE  
("to make less severe or painful" or "to alleviate")  
the loss or damage to the lowest level.**

# NOW WHAT?



Okay - so you've accepted the freight, made the annotations, taken care of getting an inspection, protected the goods from further damage...

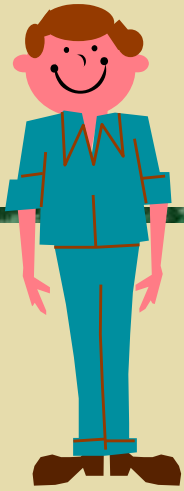
**Ask yourself this question - who owns the freight**

**When damaged property is received, it is OWNED by the end user**

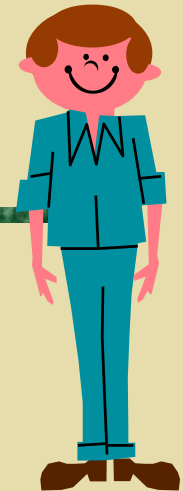
Transportation personnel furnish a service, namely, the shipping and receiving of freight

***Transportation personnel do not own the damaged property***

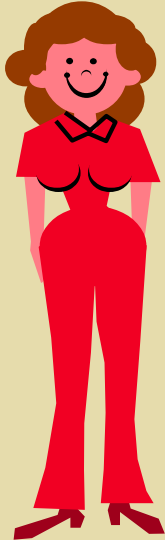
**Remember, you are the  
coordinator between these  
“players”...**



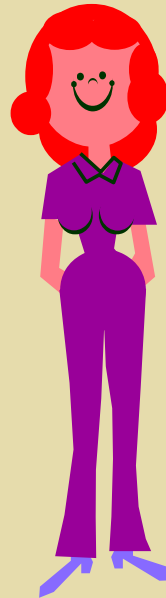
***Supply***



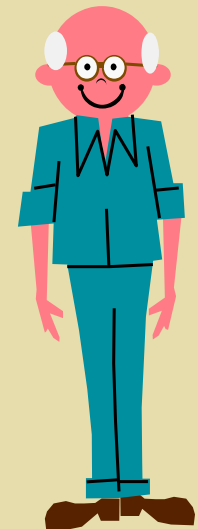
***Carrier***



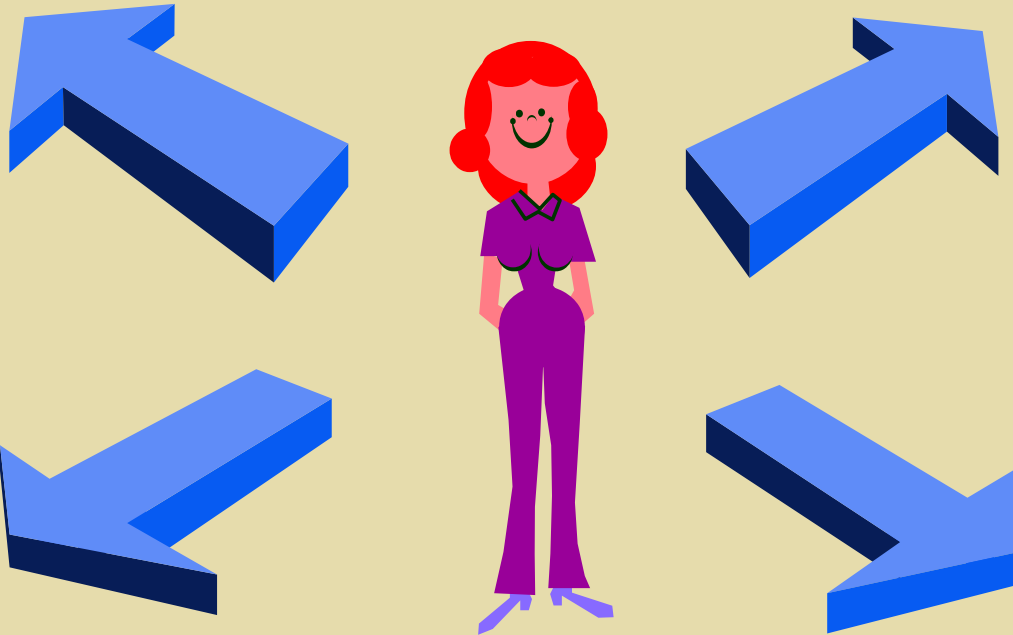
***Vendor***



***Transportation***



***End User***



# Which hat are you wearing?



At many CG activities, the transporter, the supply person, and the end user/property owner may be one in the same person. If this is the case, it is important to understand which hat you're wearing at any given time

**Get them actively**

**involved in  
determining what  
will be done with the  
damaged property**

**Have you notified the  
property owner (or  
the end user) of the  
damage to the freight  
they ordered?**



# Questions to be answered....

---

## #1. Can the damaged item be repaired?



In order to facilitate this decision, the property owner will want to get a repair cost ESTIMATE done as soon as possible. This statement will need to be prepared and signed by the technically qualified person (someone who is familiar with the labor, parts, overhead costs, etc) for the repair of this particular item.

**USE COMMON SENSE IN THIS ...** say the damaged item is a very sensitive aircraft fuel valve - you wouldn't call in the medical x-ray technician or the motor pool mechanic as a technically qualified person !!

## #2. Is the carrier willing to replace the property at no cost to the government?



An option often overlooked is asking if the carrier is willing to replace the damaged property at no cost to the government.

(The item may be repairable; HOWEVER, the carrier may determine it is more cost effective to replace the item at no cost to the government and then salvage the damaged item.)

**When the carrier exercises this option, it must agree in writing that the replacement:**

- ✓ *Is an identical item*
- ✓ *Is delivered damage free*
- ✓ *Is delivered in reasonable time*

Once you get the replacement, the damaged item can be released to the carrier for salvage.

***Be sure to get a receipt from the carrier for the item. Cancel your TDR; no claim will be filed against the carrier.***

### #3. Is the carrier willing to repair the damaged property?

---



If the answer is “yes”, there must be a clear understanding between the carrier and your office as to what the carrier will be doing.

- \* *Repairs must meet military or contract specifications*
- \* *Property must be restored to it's pre-shipment condition or value*
- \* *Repairs must be made promptly and the property returned to releasing activity*

**THE CARRIER MUST AGREE TO THESE TERMS IN WRITING !!!!**



# Okay, so the carrier doesn't want to replace or repair the item - NOW WHAT?



Can the item be repaired by the end user or a local commercial concern?

**If  
“Yes”**



The end user or property owner must repair the damaged item or make arrangements to have the repair done

**If  
“No”**



The end user or property owner must make arrangements to have the item shipped to a repair facility



*The Finance Center DOES NOT furnish funds to repair carrier-damaged property*

# Then, the only option left is to...

---



Salvage the item

- The property owner or end user makes all the arrangements
- Coordinate any transportation requirements

**Get a statement from the reutilization and marketing office (DRMO) attesting to it's salvage value (or present worth)**



IF the damaged property is *classified, protected*, or it was *shipped subject to released rates* and is to be salvaged, don't offer the item to the carrier for salvage

# NOW, you're probably thinking, WHAT IF the property can't be repaired?



Sometimes, it can't be. Once again, the property owner or end user makes the decision whether or not it is economically feasible to repair the item - **NOT TRANSPORTATION.**

**If the property cannot be repaired, get a statement to that effect from a technically qualified person who is familiar with the item.**



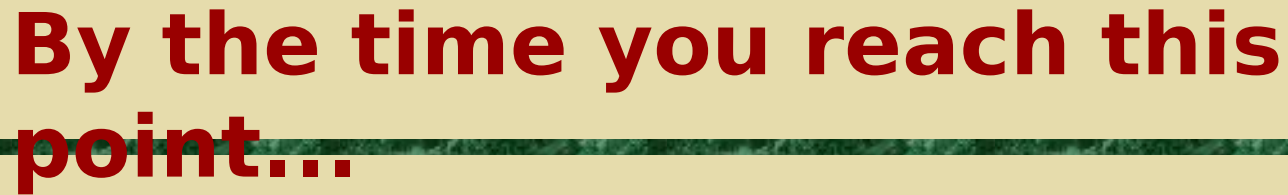
**Include this statement in your TDR package**



***DO NOT HOLD  
DAMAGED  
PROPERTY  
INDEFINITELY***

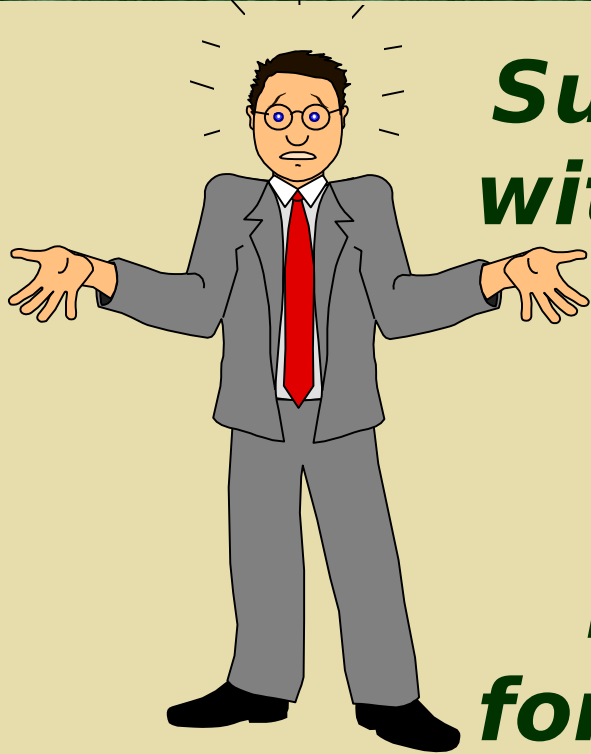
**FOLLOW UP** on the status of all actions. Keep in touch with those people involved in the repair of the damaged item

**MAKE NO ASSUMPTIONS** - call or visit with them periodically to ensure that you are informed

[illegible]

**Don't have complete documentation within 45 days?**

---



***Submit the TDR package  
with what you do have to  
the claims office***

***and...***

***indicate what will be  
forwarded at a later date***

**Follow through with that  
documentation as soon as  
possible !!!**

**If you have any problems or questions - give us a call or send an email. We are here to help you be a success!**

## **Claims Section**

**Susan F. Hubbard, Chief**

**SHubbard@fincen.uscg.mil**

**757-523-6947**

**Christopher T. Gibbs**

**Traffic Management Specialist**

**CGibbs@fincen.uscg.mil**

**757-523-6763**